Ways to increase the efficiency of attracting foreign investment in the development of the oil and gas industry of the Republic of Uzbekistan

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ABSTRACT

This paper makes analyses of the Ways to increase the efficiency of foreign investment in the development of the oil and gas industry of the Republic of Uzbekistan. On this case, both theoretical and practical implementations of the sector has been analysed. Finally, research has been focused on various points to make better diffusion of the development of oil and gas industry of the Republic of Uzbekistan. **Keywords:** efficiency, foreign investment, development, oil, gas industry, Republic of Uzbekistan.

1. INTRODUCTION

In the current context of globalization, it is necessary to reorganize the economy in such a way that the main focus is not on increasing the export of strategic raw materials such as natural gas, but on its processing and high liquidity, high world value for quality and environmental requirements. It is expedient to focus on the development of production capacity for the production of petroleum, gas and chemical products.

In particular, the main task of the national economy in ensuring the sustainable development of oil and gas enterprises in the country requires a clear definition of priorities. Implementation of these areas of the industry will require appropriate financial resources that will allow the involvement of modern technologies in the search for hydrocarbons. Therefore, special attention is paid to attracting foreign investors in the country. Among the most important projects in this regard are investment projects such as Gazprom and Lukoil (Russia), CNODC (KNR), Petrovetnam (Vietnam), KNOC (Korea), SASOL (JAR), the Consortium of companies on the Aral Sea project.

It should be noted that the existing opportunities in the Republic of Uzbekistan, the availability of natural resources increase the investment attractiveness of the industry, intensify its investment activities¹. This is evidenced by the growth of the share of investment and foreign capital in the development and modernization of the oil and gas sector of the economy. The volume of foreign direct investment in the network has increased almost 23 times compared to 2005.

2. LITERATURE REVIEW

A number of experts have been working on the selected study, including the impact of foreign direct investment in the oil sector and its impact on economic growth (Salami Dada et al.). The link between foreign direct investment and the production and export of oil, gas and oil refining (OGR) industries (Gaber Mohamed Abdel Gawad and Venkata Sai Srinivasa Rao Muramalla), as well as Turkmenistan, O In Uzbekistan and Kazakhstan, foreign direct investment in the oil and gas industry and its role in development in developing countries (Michael P. BARRY).

In the context of modernization of the economy, great attention is paid to the implementation of structural changes in the national economy, in particular, sustainable development of industry, modernization of production, technical and technological renewal and diversification, widespread introduction of innovative technologies. (Holme, L & Wattts, 1999; Solikhov, 2006; Winter, Theo, & Chang, 2008). Indeed, the economic development and growth rates of the country are directly related to

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the stability of real sector enterprises, their level of development. In this regard, any state pays great attention to the development of industrial enterprises and ensuring their sustainability.

In the draft government programs, the attention of state and economic administration and local public authorities is focused on the implementation of priority and systemic tasks and their implementation (Jalilov, Desutter, & Leitch, 2011; KOUDRIACHOV, 1942; Lal, Suleymanov, Stewart, and Hansen, 2007; Spechler, 2008), although BT Baykhanov has worked on the distribution and efficient use of investment in industry and other economic sectors, it does not allow us to disclose the research conducted on our chosen topic.

3. RESEARCH METHODOLOGY

The research makes extensive use of comparative, economic analysis and scientific research, the harmony of the cognitive process, the interrelationship of innovation and innovation, methodological approaches, the theoretical foundations of the author's social responsibility in terms of updated thinking.

4. ANALYSIS AND RESULTS

The implementation of a unified state policy in the field of economy will be ensured. The concept of socio-economic development of Uzbekistan until 2030, which provides for the implementation of reforms in the socio-economic sphere, the development of engineering and communication and production infrastructure, as well as the balanced development of the regions, according to the President's instructions. submitted to the President for approval.

Macroeconomic stability Measures will be taken to further reform the economy, diversify the national economy and increase competitiveness. This ensures that GDP growth will not be less than 5.5% in 2020 and that its growth rates over the next 5 years will be around 6% on average. He added, "The five-year goal is to bring that gross domestic product to \$ 100 billion." Necessary measures are being taken to increase the share of industry in GDP from 30% to 33% by 2025 and the provision of services from 35% to 37%, respectively.

In this regard, our main task, as the President said, is one of the priorities today to bring inflation to at least 5%. Strategies for the widespread introduction of market mechanisms in the management of the economy and the development of its key sectors will be developed and implemented. In particular, a single procedure for selling highly liquid, monopoly products will be introduced at the exchange. A strategy for the development of commercial enterprises, logistics centers and measures to diversify construction products in 2021-2022 will be developed and implemented (Fallon, 2015; Spechler, 2008).

It should be noted that in order to expand the hydrocarbon base in the period up to 2019, the scale of research aimed at searching for and studying non-conventional hydrocarbon sources without damaging the traditional directions of oil and gas exploration in the country is gradually increasing. In particular, projects aimed at geological study of flammable shales located close to the surface in order to increase their reserves for the production of shale oil in fields such as Sangruntau, Boysun, Aktau; To attract shale gas exploration and preparation technologies for the Korsagli, Dasmanaga and other fields in the Surkhandarya region and to explore shale gas in the future (primarily in Kashkadarya and Bukhara regions) for future geological study of heavy oil and natural bitumen deposits. The implementation of the planned geological prospecting will allow to increase the hydrocarbon potential of the Republic of Uzbekistan by 1.5 times compared to 2014 estimates.

As a result of consistent reforms carried out by the Government of Uzbekistan in recent years, positive changes have taken place in the industrial sector. In particular, the share of industry in GDP in 2000 was 14.2%, in 2011 this figure rose to 24.1% or 9.9%. In addition, in 2011 industrial production increased by 106.3% compared to the previous year1.

These positive changes are directly related to the rapidly developing oil and gas industry in our country, which has become an important strategic sector of our economy.

Today, the share of the oil and gas industry of Uzbekistan in the country's GDP is 19.2%, about 39% of budget revenues, the share of these sectors in foreign trade turnover is 15.3%. The results of the analysis show that this sector provides macroeconomic opportunities for sustainable economic growth, social income and solvency.

It is known that the oil and gas industry of Uzbekistan is one of the strategic sectors of the economy in terms of energy security. Uzbekistan's oil and gas reserves, their exploration and development have made it possible to ensure the country's energy security. At a time when natural gas is one of the main export sources of the country, extracted oil fully meets domestic demand.

The collapse of the former Soviet Union had a negative impact on Uzbekistan's oil and gas industry, leading to a decline in production at these enterprises. In particular, in the years under review, there was a decline in production in the oil and gas industry (except for natural gas). Changes in existing reserves of oil and gas wells and a natural decrease in the amount of hydrocarbons produced led to a decrease in annual oil production by 42.0%, natural gas by 19.5% and gas condensate by 44.0%. Due to the decline in the production of oil and oil condensate, the volume of their processing also decreased sharply. The experience of foreign countries shows that many oil and gas companies reduce oil and gas production without a sharp impact on the volume of finished products (Figure 1).

However, as a result of measures taken during the years of independence to modernize and reequip enterprises in this sector, the production of a number of finished petroleum products is increasing. In particular, the growing demand for jet fuel in foreign and domestic markets has led to an increase in production of this product. Production of bitumen from technical oils and petroleum and oil condensate increased sharply compared to 2001. This is mainly explained by the growing demand for this product in the domestic market.

It is known that oil refining in Uzbekistan is carried out mainly by Fergana and Bukhara refineries. Calculated by the author on the basis of Uzbekneftegaz. made of The Fergana refinery is the largest in Central Asia and has the capacity to process 8.7 million tons of hydrocarbons per year. As a result of the widespread introduction of innovations in this enterprise, a number of achievements have been achieved (Figure 1).

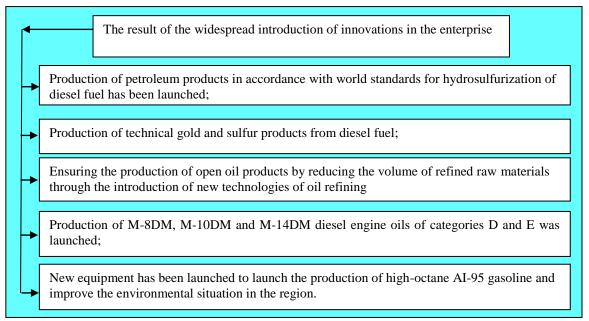


Figure 1. The result of the widespread introduction of innovations in Uzbekneftegaz

In 1997, the Bukhara Oil Refinery with a capacity of 2.5 million tons of hydrocarbons per year was launched. The technological process of this enterprise is based on modern technologies and produces the following products: liquefied gas, light naphtha, rivormat, jet fuel, diesel fuel and fuel oil. The sustainable development of the oil and gas industry in the future will be determined, first of all, by the rapid development of their production processes.

State structure of the sector Modernization and diversification of industry, rapid development of high-tech processing industries, widespread introduction of energy-saving technologies will be continued. To this end, the concept of industrial development in 2020-2025, localization of production in 2020-2021 and programs for the development and restoration of the mineral resource base will be developed. "In the coming years, we will ensure economic growth as one of the import-substituting industries that supports the electrical industry, manufacturing. This year, the concept of development of the electrical industry in 2020-2030 will be developed. The industry is expected to increase production fivefold to \$ 4 billion by 2030. Measures are being taken to increase exports by six times and increase the number of workers in this sector to 200,000, "Aripov said.

By 2030, 80-90 percent of the demand for electrical products will be provided only by local products. "The President spoke in detail about our problems in the fuel and energy sector, where investment projects worth \$ 7.6 billion will be implemented in the coming years by 2025," Aripov said.

As a result, electricity production will increase 1.4 times, natural gas 1.2 times and oil 2.1 times. Deep processing of natural gas in the country expands the production capacity of added market products. Extensive use of alternative energy sources in the development of electricity.

In order to reduce energy consumption, the President instructed to ensure the full installation of meters for electricity and natural gas to consumers by the end of this year, thereby eliminating real unpaid bills

Necessary measures are being taken to further develop the activities of 21 free economic zones and 156 small industrial zones in the country. At the same time, measures are being taken to increase the number of vacant buildings in densely populated and business zones by at least 2 times due to the creation of new small industrial zones.

The introduction of modern principles and methods of corporate governance based on market principles will continue. To achieve this, a strategy for the ownership, management and reform of state-owned enterprises in 2020-2023 will be developed.

Conditions will be created for the accelerated development of entrepreneurship, continuous improvement of the business environment, reducing the share of the shadow economy, optimizing state participation in the economy. As a result of the measures taken, the share of small business in GDP will reach 62% by the end of 2020.

5. CONCLUSION/RECOMMENDATIONS

In short, the solution of the tasks facing the industry is closely linked with the need to improve the economic mechanism of sustainable development of the oil and gas industry and its enterprises, and this is also a priority, because the solution of any technical and technological task encounter problems. Processes to ensure financial stability through the introduction of strict austerity measures, incentives to reduce production costs and product costs are crucial.

Finally, there is another very important area of activity of network enterprises. It is also the training of highly qualified personnel. It is no secret that effective and efficient work is achieved through the optimal combination of experience, high professionalism and hard work of employees, as only highly qualified personnel will be able to effectively address strategic and tactical tasks for sustainable development of the Uzbek oil and gas industry

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